The disappearing German farmer: a candidate's perspective

by Georg Neudecker

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Agriculture is a painful subject for many politicians, and so it is often treated like a fifth wheel. And no wonder. Even many farmers no longer believe their profession is needed and are ready to throw in the towel. This becomes clear when one makes the effort to campaign door to door during the election period. Going from farm to farm, sitting down and talking to people and drawing up the balances, one discovers that the farmer has become a rare bird.

In the German state of Hesse, where legislative elections are about to be held, this has been affected by the small scale of agriculture, where in the semi-mountainous regions farms are seldom more than 6 hectares in size. The figures—1970: 91,715 farms; 1980: 63,219 farms; 1990: 47,442 farms; and 1993: 42,993 farms—reveal that farmers are disappearing faster and faster. According to official statistics, by the year 2005 there will be only 3,000 farms left in the state. What this means for the village structure can already be seen. The rural village is losing its character and function. Onetime agricultural buildings are remodeled into housing, and will no longer be usable in the future for their real purpose.

Thousands of jobs have been lost to a mistaken agriculture policy, and these people are being squeezed onto an already stretched job market. At a time when speculation looms large, little thought is given to national economic needs. An example is waste management. You would have to be an expert in waste disposal to figure out all the rules. In many towns I have seen as many as four different-colored waste barrels in front of every house, plus the yellow bags where you are supposed to put your rinsed-out plastic bottles.

The massive growth of speculation has led, in the last five years, to more and more capital being tied up. Agriculture has shrunk accordingly. This is quite understandable, because capital put into labor-intensive branches of the economy cannot bring in the rates of profit which can be "earned" in financial speculation. What makes things even harder, is the fact that growers' prices have stagnated since the mid-1970s, and have even been sinking constantly over the last seven years, thanks to the European Agricultural Commission's decisions, while the costs of operating capital have been steadily rising. That means that even the farms with the best land and optimal equipment will be in trouble in the foreseeable future.

Postwar progress

It is useful to look back over the past 50 years to grasp the changes that farmers have gone through. After 1945, food supply was extremely scant. Industry lay in rubble and ashes, and the currency to import goods from abroad was not available. To supply the population, government controls were set up for food. Food vouchers and ration cards assured a distribution which was by-and-large fair, and farmers were similarly under obligation to deliver farm products. Although the quotas were high, they were generally met, because all energies were exerted to stave off hunger in the cities.

This system from the Third Reich days was maintained until the 1948 monetary reform. Then commodities could be bought freely on the market again—insofar as one could do it, because prices were quite a bit higher than today.

Farming activities were predominantly performed by hand, and many hired hands were needed on the farms. Then, little by little, farm machinery and tractors drove out draft horses and oxen. Fertilizers could again be bought, causing yields to rise steeply, and the first pesticides came into use. After farm animals were replaced by technology, the fodder fields became available for growing fresh produce. By the mid-1960s, this change was complete for most farms. But with the increasing mechanization of farms, the costs also went down as not-insignificant items of expenditure.

Machines in the meantime became indispensable aids, without which it was no longer possible to do the work. But since not all the work could be mechanized, or only with very high capital outlays, specialization became unavoidable. At the same time, from the 1970s on, in the so-called family farms only the head of operations and his wife (and as much as possible, the lifetime tenants) did the work.

Under the agrarian law of September 1955, for the next nearly 20 years German farmers broke even with the help of government subsidies. All that changed when in spring 1973 the first big oil shock broke over Europe. As ill-prepared as the world was at the time, the press was well-prepared to sell the hoax. The oil crisis was decided in summer 1972 in the Swedish saunas of the international banking circles; the 400% rise in crude oil prices was supposed to rescue the weary dollar balance of payments. This marked an incisive turning-point for agriculture.

Grow or retreat?

Until 1973, the supply of the population with food was uppermost, but this changed fundamentally after the oil shock. The suspicion suggests itself that agriculture was deliberately being subjected to structural change, in order to weaken the small and medium-sized firms and make them easier to control by the apparatus in Brussels, the seat of the European Community bureaucracy.

A decisive change was also accomplished in financial policy, which helped in an essential way to cause the ruin of agriculture in the following years. In the 1975-76 agricultural year, the first incursion was made into the income of farmers, and since then, farm incomes have never again reached the level of the industrial sector. At the same time, the slogan of "grow or retreat" was put out. Previously people had still enjoyed farming, but now the climate changed in the rural communities. Because "grow or retreat" means now, that one must "retreat," if others want to "grow." The neighborly relations among farmers grew colder, and a battle began over leasing the fields of colleagues who were bailing out. The cost of leasing rose, and many farmers ventured into financial risks. The farmers were pulled into an expansion process which they could seldom finance out of their own pockets. Indebtedness climbed incessantly.

The end of the 1970s began the time of incentives for slaughtering herds and clearing land, and, (often at the same time) incentives for restocking. Land tax revenues were often a means for moving farmers to suspend farming activity. The competitive struggle was especially recognizable in the villages, where many farmers above the age of 40 or 50 are still expecting to work to earn their livelihood by running agricultural operations for many years to come, because the prospect is so slight of being able to find another job at their present age, given the already widespread unemployment.

At the outset of the 1980s, the operations were driven by the compulsion for success into bigger and bigger dimensions. The introduction of milk quotas in 1984 reinforced competitive thinking, because some had already enlarged their operations, while others had not, because the size of operations seemed to have been established from years back. Many went under financially, and no longer exist. Through partial selloffs of land the debts were gradually paid back. When the operation was shut down, the live and dead inventory could be utilized for debt repayments. Anger with the revenue office thus drove many a farmer, in the surrender of his farming operations, to lose his mind.

Huge lies about supply

Few of the remaining farmers are debt-free. Even the big operations with over 100 hectares have no guarantee of surviving the next years. If the "East German Exception" continues further, with its already far bigger structures, then many more farms will die off. What good that is, no farm association official or politician can explain today. Because under cost pressures, even the eastern economy cannot manage without the billions in subsidies from Brussels. Production intensity is flagging. This has led to the fact that in East Germany the apportioned milk quota has not to this day been completely fulfilled, although a lot more milk was produced before unification.

We have to ask ourselves: Who gives the German agriculture minister the nerve to still talk about overproduction of food in Europe? Due to a reduction in intensity and to land set-aside, for years there has been a 60-million-ton supply gap in the European Community. This corresponds, distributed over Europe, to 7.6 million hectares, to the cultivated area of the old West Germany.

In the case of a financial breakdown, a gigantic supply gap will open up and expose the "overproduction" lies. Today we are filling this gap only through substitutes brought in from the Third World. As a rule, these are production residues from citrus, oil, or liquor production, but also livestock feedgrains and tapioca, which in the producer countries only cost a few pennies per 100 kilograms, but in the EU they can be marked up for lucrative profits.

Whoever has followed this development, already knows the tricks of the so-called free market. The so-called invisible hand, which allegedly rules the market process, works peculiarly to the advantage of the speculators and usurers, and not for those who have taken on the efforts and risks of production. That is not just the case for agriculture. The billion-dollar international concerns who seldom care about the welfare of single nations, have their agents in politics, economics, and the associations. Thus the markets are controlled and the competitors are played off against each other. More and more private manufacturing operations are pressed on the market; in the long run, dumping methods strike down all the competition. This "invisible hand" has also entered the commodities futures markets. Here, the agrarian market is most effectively manipulated and the world market price is established, which in the past was always tied to the costs of production.

One thing is certain: As long as there are people, there will be farmers. And agriculture will in the future once again have much greater importance than it gives the impression of having under today's assumptions.